

AMENDED IN ASSEMBLY MAY 8, 2006

AMENDED IN ASSEMBLY APRIL 26, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2667

Introduced by Assembly Member Baca

February 24, 2006

An act to add Section 22793.5 to the Government Code, to add Section 1351.3 to the Health and Safety Code, to add Section 47.3 to the Insurance Code, and to add Article 2.99 (commencing with Section 14095) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to health.

LEGISLATIVE COUNSEL'S DIGEST

AB 2667, as amended, Baca. Health care providers and insurers: considerations.

The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans.

This bill would require the board to consider specified factors with respect to any entity that seeks to contract with the system for the provision of health benefits.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care.

This bill would require the department to consider specified factors with respect to any *application for an initial license for any* entity that seeks to contract with the system for the provision of health benefits.

Existing law provides for the licensure and regulation of health insurers by the Department of Insurance.

This bill would require the department to consider specified factors with respect to any ~~individual~~ entity that seeks initial licensure under the act.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions. Existing law contains provisions governing the enrollment or reenrollment or contracting with entities for the provision of health care benefits under the Medi-Cal program of Medi-Cal providers. Medi-Cal services may also be obtained under specified types of contractual arrangements.

This bill would require the department to consider specified factors with regards to contracting with any entity for the provision of health care services under the Medi-Cal program.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 22793.5 is added to the Government
- 2 Code, to read:
- 3 22793.5. (a) The board, in considering a contract with any
- 4 entity that seeks to enter into a contract under this article for the
- 5 provision of health care benefits, shall consider all of the
- 6 following:
- 7 (1) Whether the applicant is of reputable and responsible
- 8 character. The department shall consider any available
- 9 information that the applicant has demonstrated a pattern and
- 10 practice of violations of state or federal laws and regulations.
- 11 (2) Whether the applicant has the ability to provide, or arrange
- 12 to provide for, health care benefits or services. The board shall
- 13 consider evidence that shall include all of the following:
- 14 (A) Any prior history of providing, or arranging to provide for,
- 15 health care services or benefits in this state, the applicant's

1 history of substantial compliance with the requirements imposed
2 under that license, and applicable federal laws, regulations, and
3 requirements.

4 (B) Any prior history in this state or any other state, of
5 providing, or arranging to provide for, health care services or
6 benefits authorized to receive Medicare Program reimbursement
7 or Medicaid Program reimbursement, the applicant's history of
8 substantial compliance with that state's requirements, and
9 applicable federal laws, regulations, and requirements.

10 (C) Any prior history of providing, *or arranging to provide*
11 *for*, health services as a licensed health professional or an
12 individual or entity contracting with a health care service plan or
13 insurer, and the applicant's history of substantial compliance
14 with state requirements, and applicable federal law, regulations,
15 and requirements.

16 (b) The board may also require the entity described in
17 subdivision (a) to furnish other information or documents for the
18 proper administration and enforcement of the licensing laws.

19 SEC. 2. Section 1351.3 is added to the Health and Safety
20 Code, to read:

21 ~~1351.3. (a) The department, in considering licensing any~~
22 ~~individual or entity under this chapter, shall consider all of the~~
23 ~~following:~~

24 *1351.3. (a) The department, in considering an application*
25 *for an initial license for any entity under this chapter, shall*
26 *consider whether the plan, its management company, or any*
27 *other affiliate of the plan, or any controlling person, officer,*
28 *director, or other person occupying a principal management or*
29 *supervisory position in the plan, managed company, or affiliate*
30 *has either of the following:*

31 (1) Any prior history in this state or any other state, of
32 providing, or arranging to provide for, health care services or
33 benefits authorized to receive Medicare Program reimbursement
34 or Medicaid Program reimbursement, the applicant's history of
35 substantial compliance with that state's requirements, and
36 applicable federal laws, regulations, and requirements.

37 (2) Any prior history of providing, or arranging to provide for,
38 health services as a licensed health professional or an individual
39 or entity contracting with a health care service plan or insurer,
40 and the applicant's history of substantial compliance with state

1 requirements, and applicable federal laws, regulations, and
2 requirements.

3 (b) The department may also require the entity described in
4 subdivision (a) to furnish other information or documents for the
5 proper administration and enforcement of the licensing laws.

6 SEC. 3. Section 47.3 is added to the Insurance Code, to read:

7 47.3. (a) The department, in considering an application for an
8 initial license for any entity for the purpose of selling or offering
9 health insurance, as defined in Sections 822 and 1560.12, shall
10 consider all of the following:

11 (1) Whether the applicant is of reputable and responsible
12 character. The department shall consider any available
13 information that the applicant has demonstrated a pattern and
14 practice of violations of state or federal laws and regulations.

15 (2) Whether the applicant has the ability to provide, *or*
16 *arrange to provide for*, health care benefits or services. The
17 department shall consider evidence that shall include all of the
18 following:

19 (A) Any prior history of providing, *or arranging to provide*
20 *for*, health care services or benefits in this state and the
21 applicant's history of substantial compliance with the
22 requirements imposed under that license and applicable federal
23 laws, regulations, and requirements.

24 (B) Any prior history in this state or any other state, of
25 providing, *or arranging to provide for*, health care services or
26 benefits authorized to receive Medicare Program reimbursement
27 or Medicaid Program reimbursement, and the applicant's history
28 of substantial compliance with that state's requirements, and
29 applicable federal laws, regulations, and requirements.

30 (C) Any prior history of providing, *or arranging to provide*
31 *for*, health services as a licensed health professional or an
32 individual or entity contracting with a health care service plan or
33 insurer, and the applicant's history of substantial compliance
34 with state requirements, and applicable federal law, regulations,
35 and requirements.

36 (b) The department may also require the entity described in
37 subdivision (a) to furnish other information or documents for the
38 proper administration and enforcement of the licensing laws.

1 SEC. 4. Article 2.99 (commencing with Section 14095) is
2 added to Chapter 7 of Part 3 of Division 9 of the Welfare and
3 Institutions Code, to read:

4
5 Article 2.99. Provider Contract Considerations
6

7 14095. (a) For any entity that seeks to contract with the
8 department to provide, *or arrange to provide for*, health care
9 services under this chapter, the department shall consider all of
10 the following:

11 (1) Whether the applicant is of reputable and responsible
12 character. The department shall consider any available
13 information that the applicant has demonstrated a pattern and
14 practice of violations of state or federal laws and regulations.

15 (2) Whether the applicant has the ability to provide, or arrange
16 for the provision of, health care benefits or services. The
17 department shall consider evidence that shall include all of the
18 following:

19 (A) Any prior history of providing, or arranging for the
20 provision of, health care services or benefits in this state, the
21 applicant's history of substantial compliance with the
22 requirements imposed under that license, and applicable federal
23 laws, regulations, and requirements.

24 (B) Any prior history in this state or any other state, of
25 providing, or arranging for the provision of, health care services
26 or benefits authorized to receive Medicare Program
27 reimbursement or Medicaid Program reimbursement, the
28 applicant's history of substantial compliance with that state's
29 requirements, and applicable federal laws, regulations, and
30 requirements.

31 (C) Any prior history of providing, or arranging for the
32 provision of, health services as a licensed health professional or
33 an individual or entity contracting with a health care service plan
34 or insurer, and the applicant's history of substantial compliance
35 with state requirements, and applicable federal law, regulations,
36 and requirements.

- 1 (b) The department may also require the entity described in
- 2 subdivision (a) to furnish other information or documents for the
- 3 proper administration and enforcement of the licensing laws.

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